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**ADVISORY COMMITTEE
ON STUDENT FINANCIAL
ASSISTANCE**



**ADVISORY COMMITTEE TO RELEASE NEW REPORT ON HOW FINANCIAL
BARRIERS TO COLLEGE UNDERCUT BACHELOR'S DEGREE ATTAINMENT**

Washington DC— Early next week, the Advisory Committee will release a new report focusing on how financial barriers created by rising college prices and insufficient need-based grant aid lower bachelor's degree attainment and undercut America's competitiveness in the global economy. The report follows up two previous reports, *Access Denied* and *Empty Promises*, and includes estimates of the number of bachelor's degrees lost due to financial barriers in the 1990s as well as projections of the number of additional bachelor's degrees that will be lost in the current decade.

The loss estimates and projections are provided in ranges that are extremely conservative, reflecting only those losses that occur among low- and moderate-income high school graduates who are college-qualified, and only to the extent that they are unable to enroll and persist in college at the same rates as their middle-income peers. The estimates and projections are based upon two measures of academic preparation. The lower end of the loss range is defined by the more rigorous measure and includes only those high school graduates who took at least Trigonometry. The upper end is defined by the less rigorous measure and includes only those high school graduates who took at least Algebra II.

The estimates represent core bachelor's degree losses attributable to financial barriers—losses that are difficult, if not impossible, to stem through strictly non-financial means. Although academic preparation appears to have improved, early information and student expectations to complete college have certainly expanded, and financial aid forms and processes have been greatly simplified between 1992 and 2004, bachelor's degree completion rates by family income show no sign of increasing because financial barriers created by rising college prices and insufficient financial aid have not been reduced.

With respect to the underlying causes of financial barriers and their elimination, the report is strictly objective and nonpartisan. No administration or level of government is blamed for the estimated losses, nor held exclusively responsible for eliminating them. Two broad weaknesses in public policy are shown to underpin the nation's unequal bachelor's degree attainment by family income:

- Failure to ensure the success of college-qualified high school graduates.
- Failure to increase the pool of college-qualified high school graduates over time.

The report uses data from the National Education Longitudinal Study of 1988 and the Education Longitudinal Study of 2002 that track student behavior from high school through postsecondary

education and permit comparative analyses between two cohorts of high school graduates in 1992 and 2004. Data from the National Postsecondary Student Aid Survey is used to examine the prices net of all grant aid facing low- and moderate-income high school graduates at four-year public colleges.

The report determines the impact of financial barriers on high school graduates in the two cohorts and estimates bachelor's degree losses due to financial barriers by

- identifying those students in each cohort who are “college-qualified” high school graduates;
- determining the financial barriers—net prices of 4-year public colleges—facing these students;
- examining their 10th grade expectations to finish college, 12th grade plans to attend a four-year college, financial concerns, and actual enrollment behavior;
- estimating the percentage who were (or will be) unable to earn a bachelor's degree.

The final step uses these percentages to calculate total losses of bachelor's degrees in the 1990s and current decade, and to attribute a portion of the losses to financial barriers.

The report finds that despite impressive gains made by K-12 educators, professionals in early intervention programs, states, colleges, Congress, and the Department of Education between 1992 and 2004, financial barriers in the form of net price at four-year public colleges increased throughout the period and appear to have undermined these improvements. This finding suggests that lowering financial barriers by increasing need-based aid is a necessary condition for stemming future bachelor's degree losses among college-qualified high school graduates. Without such increases, existing grant aid will be stretched further across a larger number of students, and the net price facing each student will rise with negative effects on bachelor's degree completion.

Six policy implications are drawn from the findings. The nation must

- reinvigorate the access and persistence partnership to increase need-based aid from all sources,
- restrain increases in the price of college and offset increases with need-based student aid,
- moderate the trend—at all levels—toward merit-based aid and increasing reliance on loans,
- reduce financial barriers to transfer from two-year to four-year colleges,
- strengthen early intervention programs for low- and moderate-income students,
- invest in efficient and productive remediation.

The new report will be discussed during session one of the Advisory Committee's hearing on September 19, 2006 in Washington DC. For more information regarding the report or the hearing, please contact: **Erin Renner** erin.renner@ed.gov or (202) 219-2099.